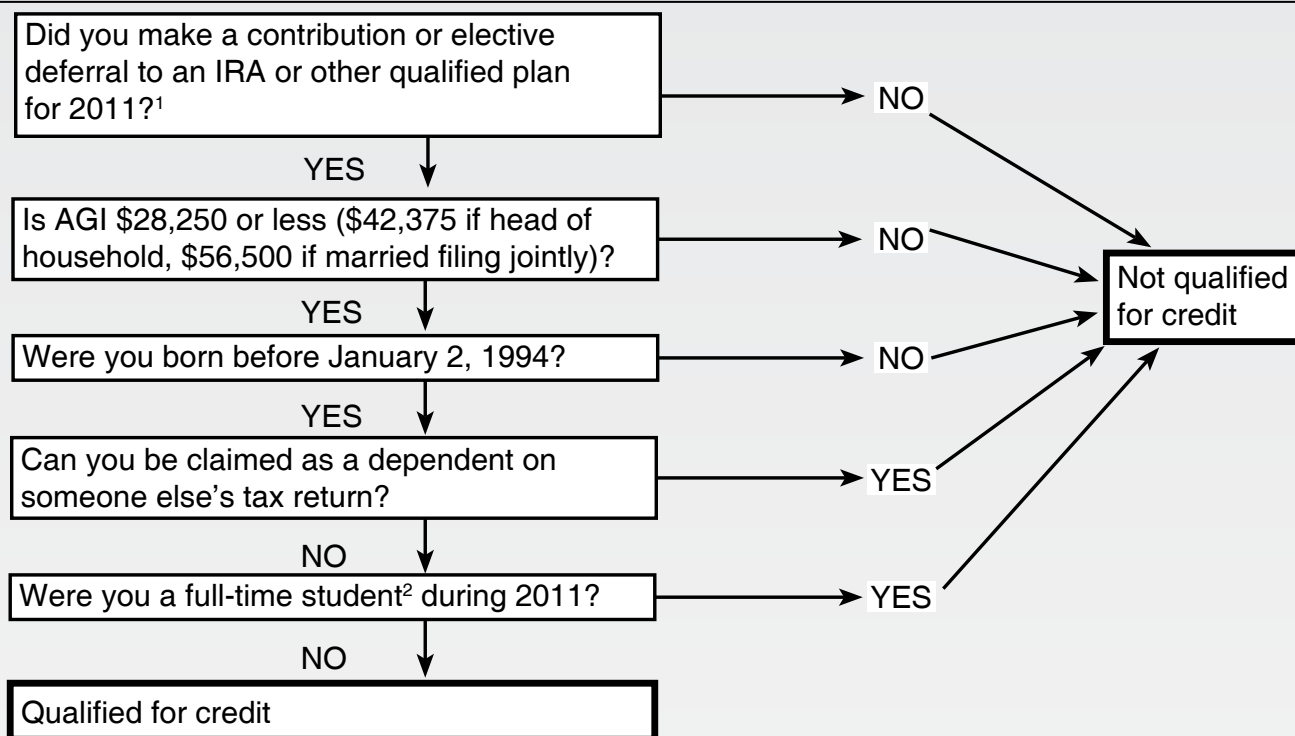


Retirement Savings Contributions Credit – Decision Tree

To determine if a taxpayer qualifies for the Credit for Qualified Retirement Savings Contributions, review the return information and ask the taxpayer the following:



¹ Plans that qualify are listed in the Chapter 37 of Publication 17. Answer yes if qualifying IRA contributions are made in 2012 for tax year 2011 by the due date of the 2011 tax return.

² See Publication 17 for definition of full-time student.

Note: Distributions from a military retirement plan do not reduce the taxpayer's Qualified Retirement Savings Contribution. The military retirement plan is a noncontributory plan that does not allow any contributions by the military employee. In addition do not reduce the taxpayer's contribution by any distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k). See Form 8880 Instructions for more information.

Important Reminders for Retirement Savings Contributions Credit

- Be sure to look at the taxpayer's Form(s) W-2. An entry in box 12 or an "X" in the Retirement box is an indicator that the taxpayer may be eligible for this credit. A full description of all codes used in box 12 can be found in Instructions for Forms W-2 and W-3.
- An entry in box 14 on the W-2 may also indicate a contribution to a state retirement system. Caution: If these are treated as employer contributions they are not eligible for the credit. See Form W-2 Instructions.
- When using tax software, remember to key in all entries as they appear on the Form W-2.
- A contribution to a traditional or Roth IRA may also qualify for this credit, but may not appear on any taxpayer document. Remember to review the expenses section on page 2 of the Intake and Interview Sheet and ask the taxpayer if he or she made any IRA contributions.
- Distributions can reduce the eligible contributions for this credit. A current tax year distribution is reported on a Form 1099-R. However, you must remember to ask the taxpayer if they received distributions in the two preceding tax years or will receive a distribution before the due date of the tax return, as they may not bring this documentation to the tax site.
- Complete Form 8880 to claim this credit.